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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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February 8, 2008

Nahid Nunnally, Director
Hi-Pointe Center, Inc.
6020 Southwest Ave.
St. Louis, MO 63139

RE: Desk Review of Hi-Pointe Center Program, CFDA #14.218,
Contract #06-10-55 & #07-10-55 (Project #2007-CDA46)

Dear Ms. Nunnally:

We have conducted a desk review of on the Hi-Pointe Center program of Hi-Point Center, Inc. (Agency), a not-for-profit organization, for the period January 1, 2006 through June 30, 2007. The scope of a desk review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of the Agency. A desk review does not entail a field visit to the site.

Our desk review was completed on July 6, 2007. The objective of the contract was to provide supplemental food distribution to 2,000 low to moderate income registered clients and provide economic assistance to low income families.

We received management's response to the observation and recommendation identified in this report from Hi-Pointe Center on December 26, 2007. The response has been incorporated into this report.

Opportunity exists for the Agency to comply with OMB Circular A-133 compliance requirements and general provisions of its contract with the Community Development Administration.

The following is an observation resulting from our review:

Opportunity to Segregate Duties

As specified in OMB Circular A-133, segregation of duties ensures management's directives are carried out, assets are safeguarded and financial statements are not misstated. Duties that should be segregated include:

- Authorization
- Custody of assets
- Recording transaction

We noted the Agency's director performed the duties of authorizing, custody of assets and recordkeeping himself. These functions should not be performed by the same person.

If an adequate segregation of duties does not exist, the following could occur:

- Misappropriation of assets.
- Misstated financial statements.
- Inaccurate financial documentation (i.e., errors or irregularities).
- Improper use of funds or modification of data could go undetected.

Recommendation

We recommend the individual who prepares documentation should not be the same person who authorizes and executes the transaction.

Management's Response

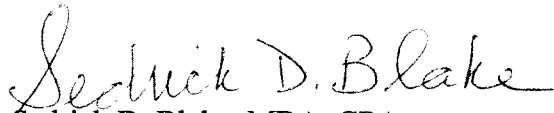
1. I do concur with the observation regarding compliance with OMB Circular A-133 and the general provisions of its contract with the Community Development Administration.
2. With additional funding provided to Hi-Pointe Center, Inc. by the Alderman of the 23rd Ward, the Center plans to hire an additional employee that should assist in separating the duties of accounting from the reconciliation and approval process for our expenditures.
3. The above statements are made in light of funding that is not always available to Hi-Pointe Center, Inc.
4. The By-laws for Hi-Pointe Center, Inc., written by the City's Counselors Office, state that the paid Director shall have charge and custody and be responsible for funds and securities of the corporation. Since 1982, I have been Director and have assumed all financial duties due to a lack of personnel. The Center has never had a discrepancy in any of our funds. Additionally, the Center has employee dishonesty bonds to safeguard the accounting process.

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This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with CDA to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact Ishmael Ikpeama at (314) 589-6113.

Respectfully,

A handwritten signature in cursive script that reads "Sedrick D. Blake".

Sedrick D. Blake, MBA, CPA
Audit/Fiscal Executive

cc: Lorna Alexander, Special Assistant for Development, CDA